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**MMARS Policy: Payroll**  
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## **Mandatory and Voluntary Deductions: Health Care Spending Account (HCSA)**

### **Executive Summary**

#### **Health Care Spending Account (HCSA)**

The Health Care Spending Account Program (HCSA) is a voluntary program that allows employees to set aside a portion of their pre-tax income to pay for qualified health care expenses. The HCSA program is offered through the Group Insurance Commission and administered by a third party administrator. The Group Insurance Commission determines the pre-tax contribution limits.

### **Policy**

Employees are eligible for this program if they:

- Are employed by the Commonwealth of Massachusetts
- Are eligible for Group Insurance Commission Health Benefits
- Are active state employees who work at least 18.75 hours in a 37.5 hour work week or 20 hours in a 40 hour work week
- Have health related expenses not covered by a health plan

Upon receipt of documentation of health care expenses from the employee to the third party administrator, a reimbursement will be direct deposited from the employee's HCSA account.

### **HCSA Fee**

An administrative pre-tax fee is charged to employees participating in the HCSA program. This is a monthly pre-tax fee that is deducted proportionally over each pay period.

### **HCSA Program**

- Administered by the Group Insurance Commission (GIC) and a third party administrator;
- Offered to all Commonwealth employees who are eligible for GIC benefits;

- Available through an employee's human resource office;
- Requires a HCSA Enrollment/Change Form;
- Deducted in every bi-weekly pay period; and
- Available on a voluntary pre-tax basis.

**HCSA Forms can be found on the Group Insurance Commission website:**

<http://www.mass.gov/gic/hcsa.htm>

### **Considerations**

This policy applies to all Commonwealth Branches and Departments.

### **Internal Controls**

### **Information Sources**

- Related Procedure – None
- Legal Authority
  - 26 USC §125 Flexible Spending Accounts
  - Massachusetts General Laws Chapter 7A Sections 3, 7, and 8
  - Massachusetts General Laws Chapter 32A
- Attachments - None
- Links – <http://www.mass.gov/gic>
- [Contacts – CTR Help Desk](#)
- **November 1, 2006** – Removed language referencing Knowledge Center and updated relevant links to Mass.gov/osc portal site.